

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
May 14, 2002
CHICAGO, ILLINOIS**

NOTE: ITEMS IN BOLDFACE PRINT REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board (“Board”) held its Regular Meeting on May 14, 2002 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory Jones and Members Ira Rogal, Elzie Higginbottom, and Tobias Barry.

Also in attendance were: Administrator Philip Parenti, Deputy Administrators Joseph Haughey, Allan McDonald, James Wagner, Chief Legal Counsel Mark Ostrowski, Deputy Chief Legal Counsel Jeannette Tamayo, and other members of the staff.

Chairman Jones convened the May 14, 2002 Regular Meeting at 9:42 A.M. in the 3rd floor Board Conference Room. Member Higginbottom moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Rogal seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:55 P.M.

Approval of Minutes

Member Rogal moved that **the Board approve the following closed session minutes of the Illinois Gaming Board:**

- **Closed Session Minutes:**

- **Regular Meeting of April 16, 2002**

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Member Higginbottom moved that **the Board approve the following open session minutes of the Illinois Gaming Board:**

- **Open Session Minutes:**

- **Regular Meeting of April 16, 2002**

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

New Business

Following a closed session discussion of administrative hearing items brought before the Board on an emergency basis, Member Higginbottom moved that **the Board add "Administrative Hearings/ALJ Reports" to the Agenda. Member Higginbottom further moved that the discussion of the administrative hearing items be placed on the public agenda for deliberation and decision. Member Higginbottom further moved that the Agenda for the open session for today's meeting (May 14, 2002) be amended to include "Administrative Hearings/ALJ Reports" as topic number 11.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator's Report

Administrator Parenti announced that a General Managers meeting will be held on May 23, 2002 at 10:00 A.M. Administrator Parenti stated that there will be individual meetings on June 28, 2002 and July 19, 2002 covering various issues that were mentioned at a previous Board meeting.

Public Commentary

Susan S. Gouinlock, Legal Counsel, Illinois Casino Gaming Association, was present to discuss the casino industry's ongoing efforts to address pathological gambling in Illinois. Ms. Gouinlock stated that on a national level, the casino industry has contributed more than \$7 million over the last several years for research related to gambling disorders. Ms. Gouinlock stated that casinos are not the cause of pathological gambling, but they are one of the places where persons afflicted could get into trouble. Ms. Gouinlock stated that the Illinois Casino Gaming Association has developed prevention and education programs targeted at casino customers and their families. Ms. Gouinlock stated that the Illinois casinos introduce their employees to the issue of problem gambling at the same time they introduce them to their new jobs. Ms. Gouinlock stated that during orientation, employees learn the signs and symptoms of problem gambling and how a problem gambler or his family can get help in Illinois. Ms. Gouinlock stated that the Association is hopeful that the implementation of the new self-exclusion program that the Board approved in February of 2002 will provide a stronger and even more effective tool for problem gamblers to help themselves stay out of casinos. Ms. Gouinlock spoke about the 24-hour a day, seven-day a week help line and referral service that the Illinois casinos sponsor. Ms. Gouinlock stated that Bensinger Dupont and Associates administered the help line number, 1-800-GAMBLER. Ms. Gouinlock stated that the casinos publish the help line number on billboards, in print advertising and on direct mail to patrons.

Peter Bensinger, President and CEO, Bensinger Dupont and Associates (BDP), and Marie Apke, Senior Vice President, were present to update the Board on help line statistics. Mr. Bensinger stated that BDP operates the help line in Illinois and various other states 24-hours a day, 7 days a week. Mr. Bensinger stated that since the help line started in 1996, BDP has received over 20,000 calls and helped over 11,000 individuals. Mr. Bensinger provided the Board with a Power Point presentation that detailed the help line statistics. Mr. Bensinger stated that the help line counselors receive calls from different sources such as friends, family members, and community agency therapists. Mr. Benisnger stated that calls come in from the gambler and from their spouses, children, family, therapists, and the gambler's employers. Mr. Bensinger's presentation also provided an age, gender, and demographic breakdown of the callers who use the help line. Mr. Bensinger stated that 70% of the callers are from the greater Chicago area. Mr. Bensinger stated that BDP provides training to help line counselors that want to increase their knowledge of the problems of individuals that have compulsive gambling problems. Mr. Bensinger stated that BDP provides community awareness training, which has reached the Chicago Police Department. Mr. Bensinger stated that BDP also focuses on the area of quality assurance. Mr. Bensinger stated that BDP has a follow-up program that allows the counselor to do a follow-up call on the compulsive gambler one month after they have called. Mr. Bensinger stated that problem gambling is a continuing issue; however, the greater the awareness, training, and willingness that the industry and the regulators have to address it, the better results there are for everyone involved.

Administrator Parenti stated that IGB staff is in the process of implementing its self-exclusion program, and Staff looks forward to Bensinger Dupont and Associates' continued help and training of Staff in interviewing self-exclusion applicants.

Chairman Jones asked if there are volunteers who would provide counseling to callers who might not have the monetary resources. Mr. Bensinger stated that some of the therapists would make discounted rates or provide some type of help. Mr. Bensinger stated that often community agencies would do the same. Mr. Bensinger stated that he feels that the insurance industry needs to address the issue in a more forthright way.

Wayne T. Burdick, President, Outreach Foundation for Problem and Compulsive Gamblers, was present to inform the Board of the different functions of the Outreach Foundation. Mr. Burdick stated that the foundation is like a recovery program turned inside out; when persons with gambling problems need help, the foundation goes to them. Mr. Burdick stated that when the representatives from the foundation meet with the individuals, the representatives are able to share what their life was like as a compulsive gambler, and by doing that, people get help sooner. Mr. Burdick stated that the mission of the Outreach Foundation is to increase public awareness of problem and compulsive gambling through its speaker's bureau and to offer outreach to communities throughout the state of Illinois. Mr. Burdick stated that the foundation's mission is also to provide vital assistance directly to those addicted, as well as their families. Mr. Burdick stated that the foundation also aids those seeking help to find professional counseling. Mr. Burdick stated that the foundation does not take action for or against gambling. Mr. Burdick stated that the foundation refers people to Bensinger Dupont and Associates all of the time. Mr. Burdick stated that when the Outreach Foundation gets calls from people who are suicidal or in serious trouble, they know that the professionals need to know that information. Mr. Burdick stated that the demand for the foundation has increased. Mr. Burdick stated that the foundation has decided to support an online meeting for recovering people on the Internet. Mr. Burdick stated that the online meeting promotes participation by allowing people to "peek in" without being seen and by allowing people to be anonymous. Mr. Burdick stated that because the foundation is in such high demand, there is a greater need to train volunteers, to increase offices, and for brochures and literature relating to the services that the foundation provides. Mr. Burdick stated that the foundation is actively seeking more funding from many sources. Mr. Burdick stated that the foundation is addressing Internet Gambling, which is popular to underage gamblers. Mr. Burdick stated that the foundation has completed a 10-minute video, which can be seen on the Outreach Foundation's web site.

Member Higginbottom asked if the foundation has meetings in minority areas. Mr. Burdick stated that the foundation is starting to have meetings in minority areas such as Chicago Heights and Christ Hospital. Mr. Burdick stated that funding has been a problem.

Member Rogal asked how much funding the foundation is allotted now. Mr. Burdick stated that the current funding is \$160,000 dollars, which is being cut by about 25% for the fiscal year that is coming up.

Jack Roeser, President, Family Taxpayers Foundation was present to discuss gaming economics and equity. Mr. Roeser stated that he read in the paper that the Board has concerns with approving a loan requested by Emerald. Mr. Roeser asked the Board why they were involved with approving any expenditure for an organization that no longer has a license.

Chairman Jones stated that the Board does not normally respond to the Public Commentary portion of the meeting; however, in this case he would. Chairman Jones stated that Emerald is still a licensee by operation of law. Chairman Jones stated that the Board does regulate the licensee, and that the licensee still has rights with respect to the Gaming Board. Chairman Jones stated that even though Emerald's license has been suspended, the Board would continue to treat Emerald as a licensee during the appeal.

Mr. Roeser stated that the Emerald casino investors lost their license, which he considered to be a state monopoly. Roeser stated that like any other unprofitable business, Emerald Casino should lose their investment. Mr. Roeser stated that Emerald Casino proceeded at its own risk, and that no legitimacy should be implied for this group. Mr. Roeser spoke about Governor Ryan's campaign committee and the Governor's relation with other organizations as it pertains to RICO. Mr. Roeser called it a racketeering conspiracy. Mr. Roeser stated that Governor Ryan is trying to improperly influence the Gaming Board, in violation of the public meetings act, to push negotiations to "peddle" the Emerald Casino license. Mr. Roeser stated that it would be highly improper for the Board to be seen as complying with the Governor's desires. Mr. Roeser spoke about the Senate Bill 1017. Mr. Roeser stated that he feels that the Board should declare a moratorium on any negotiations on the 10th license. Mr. Roeser provided the Board with an analysis of gaming revenue.

Owner Licensee Items

EMERALD CASINO, INC. – PROPOSED CREDIT AGREEMENT – William Kunkle, Attorney, was present to request initial consideration for Emerald Casino, Inc.'s proposed credit agreement. Mr. Kunkle stated that Emerald's staff, lawyers, and the ongoing business enterprise itself has not been able meet its payroll during Emerald's appeal of the Board's decision to revoke Emerald's license. Mr. Kunkle stated that there are other debts from contractors on the site that are also regular business debts that have resulted in lawsuits.

Member Higginbottom stated that he noticed in the document provided to the Board that there was a proposed interest rate. Member Higginbottom stated that the interest rate seemed to be a little exorbitant. Mr. Kunkle stated that he did not have the document handy; however, he stated that he thought the percentage was 5%. Member Higginbottom said that the percentage was closer to between 16% and 18%. Mr. Kunkle stated that the Board could change the rate. Mr. Kunkle stated that the loan is an agreement between Mr. Flynn and Emerald, it is not money that is going to the State.

Chairman Jones stated that one of the concerns was that the loan was coming from someone who the Board had found unsuitable. Mr. Kunkle stated that the charges that bring about a disciplinary hearing or a revocation hearing are not charges that require any particular burden of proof. Mr. Kunkle stated that there is no particular evidentiary standard for a complaint issue by the Board. Mr. Kunkle stated that the process, which is designed by the legislature and affirmed by the courts of Illinois, envisions a process where the hearing before the Administrative Law Judge is a trial de novo. Mr. Kunkle stated that this process is the first instance in which any evidence is heard that is sworn under oath or is otherwise produced on a basis consistent with process in administrative hearings or courts of law. Mr. Kunkle stated that as a matter of law, Emerald still holds its license. Mr. Kunkle stated that the question of whether a particular individual is unsuitable or not has yet to be decided. Mr. Kunkle stated that the Board does not make a decision on that issue until the trial de novo is held before the Administrative Law Judge and the evidence is heard for the first time. Mr. Kunkle stated that once that process is done, the Administrative Law Judge makes his conclusions of law and findings of fact and passes it on to the Board. Mr. Kunkle stated that once the Board reviews the record and votes on the issue, that is when the Board takes action that could result in the finding of unsuitability or the revocation of a license. Mr. Kunkle stated that even at that time, the decision is appealable to the Appellate Court of Illinois.

Chairman Jones asked if the agreement was signed with Mr. Flynn. Mr. Kunkle stated that it was. Chairman Jones asked if the agreement is assignable by Mr. Flynn. Mr. Kunkle stated that he was unsure; however, he did not believe so. Chairman Jones requested that Mr. Kunkle get back to staff regarding the assignability of the agreement. Mr. Kunkle stated that he would. Mr. Kunkle stated that it was Emerald's understanding that this matter was initially considered by the Board when it was originally raised and that an action was taken to suspend, not withdraw the matter. Mr. Kunkle stated that this request had already received initial consideration some time ago.

Member Rogal asked why Mr. Kunkle did not come before the Board again last June with the matter. Mr. Kunkle stated that he can not answer that question because he was not counsel for Emerald at that time; however, he could try to get the answer for Mr. Rogal. Member Rogal asked if legal fees have been guaranteed by anyone. Mr. Kunkle stated that he is not aware of that; however, he could try to get the answer for Mr. Rogal.

Member Higginbottom stated that he noticed in the agreement that it reads "each lender." Member Higginbottom asked if there would be more than one lender. Mr. Kunkle stated that he believes that the agreement was a form agreement and that Mr. Donald Flynn is the lender.

EMPRESS/ARGOSY GAMING COMPANY – PROPOSED BARGE CONSTRUCTION -
James Butler, Corporate Counsel for Argosy, Paul Keller, Vice President of Design and Construction, and Brian Johnson, Director of Finance, were present on behalf of Empress/Argosy Gaming Company to request initial consideration for its proposed barge construction. Mr. Butler stated that the project involves replacing the Argosy's two riverboat

casino vessels with a single permanently moored barge structure. Mr. Keller provided the Board with a Power Point presentation, which described the project in detail, such as the special features the project entails, how the project will be built, and a list of agencies such as the U.S. Army Corps of Engineers, who would review the project. Mr. Keller stated that the estimated cost of the project is \$75 million and that he expects the opening date to be December 2003. Mr. Keller stated that the project would be financed primarily through the operating cash flow of both Empress and the parent company of Argosy. Mr. Keller stated that if finances are still need, Argosy has an existing credit facility with an approximately \$275 million line of credit. Mr. Keller stated that there would be no project financing required for this project.

Chairman Jones asked for the height of the single level. Mr. Keller replied that the lowest ceiling height is 16ft.

Member Higginbottom asked if Argosy has thought of a way to get minorities involved in the construction phase. Member Higginbottom asked Mr. Keller to brief the Board on Argosy's history on affirmative action. Mr. Keller stated that Argosy has enacted minority purchasing policies to try to get more minorities involved. Mr. Keller stated that with respect to this particular project, Argosy's intent is to reach out to the local business groups to find out who would be interested in becoming actively involved in the project. Member Higginbottom stressed his concern that there has not been enough minority participation with projects such as these. Member Higginbottom stated that the casino licensees were created by the State for economic development, and that it seems to him that the owners of these monopolies, who are making tremendous profits, could extend themselves to make sure that there is more minority involvement. Member Higginbottom stated that he is interested to see what Argosy is doing in regards to minority participation. Member Higginbottom stated that when he looked at the numbers, he did not see good strong, hard results.

BOYD GAMING CORPORATION – REFINANCING OF SENIOR DEBT – Donna More, Attorney, was present on behalf of Boyd Gaming Corporation to request refinancing of senior debt.

Based on the staff's review and recommendation, Member Higginbottom moved that **the Board approve Boyd Gaming Corporation's Second Amended and Restated Credit Agreement and delegate to the Administrator under Board Rule 300.230(d)(2) final approval of the transaction upon execution of appropriate documents**. Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND – JOEL KONRADY, MIS MANAGER – LEVEL ONE – Donna More, Attorney, was present on behalf of Casino Rock Island to request approval for Joel Konrady as a Level One.

Based on a review of the staff's investigation and recommendation, Member Rogal moved that **the Board approve Joel Konrady as a Level 1 Occupational Licensee of Rock Island Boatworks, Inc.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

EMPRESS CASINO – GEORGE M. ASHMEN, DIRECTOR OF TABLE GAMES – LEVEL ONE – James Butler, Attorney, was present on behalf of George M. Ashmen to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Higginbottom moved that **the Board approve George M. Ashmen as a Level 1 Occupational Licensee of Empress Casino Joliet Corporation.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Suppliers Licensees

WMS GAMING, INC. – ORRIN J. EDIDIN, COO, EXECUTIVE V.P., SECRETARY, GENERAL COUNSEL – KEY PERSON – Donna More, Attorney, was present on behalf of Orrin J. Edidin to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Rogal moved that **the Board approve Orrin J. Edidin as a Key Person of WMS Gaming, Inc.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Higginbottom moved that **the Board approve 47 applications for an Occupational License Level 2 and 98 applications for an Occupational License Level 3.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Disciplinary Complaints

IN RE THE DISCIPLINARY COMPLAINT ACTION OF JORGE A. PIZANO-MARQUEZ - Based on a review of staff's investigation and recommendation, Member Rogal moved that **the Board issue a Disciplinary Complaint against Jorge A. Pizano-Marquez, a Level 2 Occupational Licensee, for failing to comply with the Act and Board Rules in relation to his April 16, 1991 conviction for a crime involving moral turpitude.**

Member Rogal further moved that **the Board revoke Mr. Pizano-Marquez's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

IN RE THE DISCIPLINARY ACTION OF LENNETTE D. BERRY – Based on a review of staff's investigation and recommendation, Member Higginbottom moved that **the Board issue a Disciplinary Complaint against Lennette D. Berry, a Level 2 Occupational Licensee, for failing to comply with the Act and Board Rules in relation to her May 16, 1984 conviction for theft.**

Member Higginbottom further moved that **the Board revoke Ms. Berry's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearing/ALJ Report

IN RE THE DISCIPLINARY ACTION OF EMERALD CASINO, INC., DC-01-05 – EMERALD CASINO, INC.'S MOTION TO DISQUALIFY ADMINISTRATIVE LAW JUDGE - Based upon review of parties written submissions. Member Rogal moved that **the Board deny Emerald Casino, Inc.'s Motion to Disqualify the Administrative Law Judge and issue a written order consistent therewith.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

IN RE THE DISCIPLINARY ACTION OF EMERALD CASINO, INC., DC-01-05 - EMERALD CASINO, INC.'S PETITION FOR INTERLOCUTORY REVIEW OF ADMINISTRATIVE LAW JUDGE'S RULING DENYING EMERALD CASINO, INC.'S MOTION FOR RECONSDIERATION OF ORDER DENYING EMERALD'S MOTION TO COMPEL DISCOVERY FROM THE ILLINOIS GAMING BOARD – Based upon review of parties written submissions. Member Rogal moved that the Board deny Emerald Casino, Inc.'s Petition For Interlocutory Review Of Administrative Law Judge's Ruling Denying Emerald Casino, Inc.'s Motion For Reconsideration Of Order Denying Emerald's Motion To Compel Discovery From The Illinois Gaming Board and issue a written order consistent therewith. Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

IN RE THE DISCIPLINARY ACTION OF EMERALD CASINO, INC., DC-01-05 – EMERALD CASINO, INC.'S PETITION FOR INTERLOCUTORY REVIEW OF ADMINSTRATIVE LAW JUDGE'S RULING DENYING EMERALD CASINO, INC.'S MOTION TO MODIFY BRIEFING SCHEDULE RELATED TO EMERALD'S MOTIONS FOR SUMMARY JUDGEMENT AND MOTION TO CONTINUE EVIDENTIARY HEARING- Based upon review of parties written submissions. Member Rogal moved that **the Board deny Emerald Casino, Inc.'s Petition For Interlocutory Review Of Administrative Law Judge's Ruling Denying Emerald Casino, Inc.'s Motion To Modify Briefing Schedule**

Related To Emerald's Motions For Summary Judgment And Motion To Continue Evidentiary Hearing and issue a written order consistent therewith. Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Board Member Comments

Member Rogal stated that the Board is forced to either revoke or deny a licenses, for example, based on shoplifting charges for small amounts of money that occurred 15 years ago or more. Member Rogal stated that it seems extreme to revoke or deny someone a license that has a lower-level job. Member Rogal stated that it seems like an inappropriate punishment; however, that is what the statute demands. Member Rogal stated that at the appropriate time he would ask that the Board and staff suggest to the appropriate party to consider changing the statute.

Chairman Jones explained to the public that if a person is convicted of certain crimes such as moral turpitude, dishonesty, theft, or a misdemeanor, it still requires a disqualification under state law, and that is what Member Rogal is referring to. Chairman Jones stated that some of the licenses that are revoked or denied might be because of crimes that happened 20 years ago. Chairman Jones stated that the Board looks on those licenses with concern. Chairman Jones stated that the person may be a different person today than they were when the crimes occurred; however, that is what the statute requires and the Board must enforce the law.

Administrator Parenti stated that he is favor of more discretion in the hands of the Administrator and the Board in dealing with these types of crimes.

At 3:47 P.M. Pursuant to Section 2 (c), paragraph (11) and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Higginbottom moved that **the Board retire to Closed Session to discuss the following items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation; and**
- 2. Investigations concerning applicants and licensees.**

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

At 5:12 P.M. Member Higginbottom made a motion to reconvene to Open Session. Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 5:12 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board